Investment Idea

Binastra Corporation Berhad

Building Resilient Growth

By Thong Pak Leng, Vice President of Research

BUY

Price: RM2.19

Target price: RM2.75

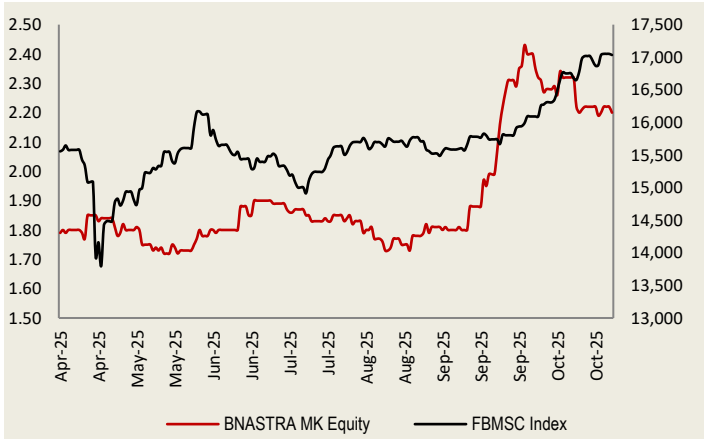
Binastra Corporation Berhad (BNASTRA, 7195) involves in various construction related projects, including residential apartments, commercial buildings, and infrastructure works. Year-to-date, the company has secured contracts worth about RM1.8bn, mainly in the southern region. Underpinned by this, we expect BNASTRA to register net earnings of RM131.0m and RM166.6m for FY1/26 and FY1/27, respectively. BUY with a TP of RM2.75 based on a PER of 18x. (Average Per of its peers of similar scale).

BNASTRA's current order book stands at approximately RM4.6bn, thus providing strong earnings visibility over the next 3-4 years. The company's revenue remains heavily driven by Klang Valley projects, notably the Sentral Damansara mixed-use development covering parcels D'Terra, D'Tessera, and The Aldenz valued above RM800m, and the Bukit Jalil project featuring integrated residential and data centre developments worth about RM1.3bn. Complementing this, the Group has secured RM1.24bn in data centre contracts at Bukit Jalil and Cyberjaya, broadening its footprint within the high-value digital infrastructure.

BNASTRA's expansion into Malaysia's southern region marks a pivotal milestone by establishing a presence in Johor Bahru. Driven by the redevelopment of Johor Bahru City Centre, surging data centre investments, and renewable energy projects, Johor continues to offer promising opportunities. As such, BNASTRA seeks to establish itself as a trusted partner for major residential, industrial, and infrastructure developments in this dynamic growth corridor.

Recognising the immense potential in digital infrastructure, BNASTRA has expanded into data centre construction through partnerships with EXSIM and AIMS Group. Currently, four major data centre blocks are being developed, contributing to an order book exceeding RM874m and establishing the Group as an emerging player in the hyperscale market. Simultaneously, BNASTRA is broadening its renewable energy footprint with 56.54 MW of ESG-aligned solar projects and an Engineering, Procurement, Construction, and Commissioning (EPCC) contract for a 65 MWp solar and 200 MWh Battery Energy Storage System (BESS) facility in Pasir Gudang, supporting the nation's clean energy goals.

Balance sheet is strong with net cash of RM76.8m as of 1HFY1/26. With strong net earnings projected for the next 2-3 years. BNASTRA has a dividend policy of distributing at least 30% of net profit to its shareholders. Based on our estimate, the company is expected to pay dividend of 3.6sen and 4.6sen for FY1/26 and FY1/27, translating into yields of 1.6% and 2.1% respectively.



KLCI	1,623.50
YTD FBM KLCI change	-1.15%
YTD FBM SC Index change	-8.94%
YTD stock price change	25.14%

Stock Information

Market Cap (RMmil)	2,390.0
Issued Shares (m)	1,091.3
52-week range (H)	2.50
52-week range (L)	1.38
Shariah Compliant	Yes

Major Shareholders

JT CONGLOMERATE SDN	41.2%
Lee Yong Seng	11.7%
Datuk Jackson Tan	11.1%

Summary Earnings Table

FY Jan (RM'm)	2025	2025	2026F	2027F
Revenue	425.2	946.6	1,334.7	1,574.9
EBITDA	57.1	133.7	192.8	233.8
Pretax profit	55.1	124.5	181.9	222.1
PATMI	40.8	90.3	131.0	166.6
Core PATMI	**40.8**	**90.3**	**131.0**	**166.6**
Consensus PATMI	-	-	131.0	171.1
Core EPS (sen)	3.7	8.3	12.0	15.3
EPS growth (%)	146.8%	121.4%	45.1%	27.2%
DPS (sen)	0.0	0.0	3.6	4.6
PER (x)	58.6	26.5	18.2	14.3
BV/Share (RM)	0.08	0.26	0.26	0.36
ROE (%)	67.8%	49.4%	76.8%	49.3%
Div. Yield (%)	0.0%	0.0%	1.6%	2.1%

Sources: Company, Rakuten Trade Research

Technically Speaking

Resistance level	RM2.28
Support level	RM2.16

COMPANY	Definition
Buy	The stock return is expected to exceed the KLCI benchmark by more than 10% over the next 6-12 months.
Trading Buy	Short-term positive development on the stock that could lead to a re-rating in the share price and translate into an absolute return of 10% over the next 3-6 months. Trading Buy is generally for investors who are willing to take on higher risks.
Take profit	The stock return previously recommended has gained by >10%
Hold	The stock return is expected to be in line with the KLCI benchmark (+/- 5%) over the next 6-12 months.
Sell	The stock return is expected to underperform the KLCI benchmark by more than 10% over the next 6-12 months.
SECTOR	
Overweight	Industry expected to outperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Neutral	Industry expected to perform in-line with the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.
Underweight	Industry expected to underperform the KLCI benchmark, weighted by market capitalization, over the next 6-12 months.

Scoring model:

The in-house scoring model is derived from Rakuten Trade Research valuation matrix based on earnings growth, earnings visibility, business model, valuation, balance sheet, technical analysis, and shareholder value creation. Each parameter is given a specific weighting.

All buy calls are based on the research team's judgement. Investing is risky and trading is at your own risk. We advise investors to:

- read and understand the contents of the disclosure document or any relevant agreement or contract before investing;
- understand the risks involved in relation to the product or service;
- compare and consider the fees, charges and costs involved; and
- make your own risk assessment and seek professional advice, where necessary.

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Published:

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